

Honorable Troy L. Nunley
United States District Judge
United States District Court for the Eastern District of California

May 5, 2024

Interim Report of Temporary Federal Receiver

Kenneth R. Jones

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

United States of America,

Plaintiff,

v.

Civil Case No. 2:23-cv-02812-TLN-SCR

CB SURETY, LLC, et al.,

Defendants.

Interim Report of Temporary Federal Receiver

On December 7, 2023, a temporary restraining order (“TRO” or “order”) was unsealed and appointed me as temporary receiver over the “CB Surety LLC, Peak Bakery LLC, Cascades Pointe at Clemson, LLC, KP Testing, LLC, Motion Media Marketing Inc., SJC Financial Services Inc., Reseller Consultants, Inc., Ambragold, Inc., Think Processing LLC, and Bass Business Consultants.” *See* ECF No. 7. The Court’s order was based, in part, on the affidavit of US Postal Inspector Jason Chung. *See* ECF No. 2-3.

The Receiver’s First Interim Status Report was submitted to the court on December 29, 2023. On January 5, 2024, the Court issued a preliminary injunction in this matter, continuing the interim receivership and directing that the Receiver file a subsequent every 60 days. *See* ECF No. 35. On August 8, 2024, the Court added Won It All, Inc. and Run It Up, Inc. as Receivership Entities. ECF No. 82.

The contents of this Interim Status Report will focus largely on the actions taken since the last interim report and only reference items previously reported as they pertain to recent actions.

Ongoing receipt of corporate records from government entities:

The government, through the US Postal Inspection Service and the Department of Justice Civil Division, continues to provide data to the Receiver that was seized from the Defendants, Receivership Entities and/or third parties (including banks). By way of example, the DOJ provided separate deliveries of data to the Receiver in February, March and April 2025. The A&M team processed those new materials into the Receiver's existing Relativity instance, along with other materials gathered by the Receiver, on the following dates: 4/8, 4/11, 4/21, 4/24, and 4/30.

Subsequently, the Receiver's team conducted a variety of searches on the database to identify any new significant records, individuals involved in the Receivership Entities, and accounts and other assets which may be applicable to the Receiver's duties under the Court's Preliminary Injunction.

Ongoing analysis of newly obtained corporate records:

Over the past few months, several accounts and properties have been identified potentially originating from the Receivership Entities. The Receiver's asset search team continues to investigate these assets. Several financial institutions and title companies have responded and the asset searching process is continuing.

Ongoing responses to government inquiries:

The Receiver likewise continues to receive and respond to several requests from the government pertaining to known Receivership Entity records and assets.

Direct requests to those representing Receivership Entities:

In March, the Receiver made direct requests for corporate records to counsel representing certain Receivership Entities. Responses to those requests have yet to be received.

Annual Reports:

Annual reports pertaining to the incorporation status for the Receivership Entities are past due. As a result, one Receivership Entity's incorporation status has been suspended. This issue is being rectified by identifying and including new registered agents for the Receivership Entities, which will enable the suspended status to transition back to an active status.

Receivership expenses summary through February 30, 2025

The total amount of funds spent since the last Receivership report, through April 30, 2025, is \$194,889.42. Expenses included the following activities:

Asset Tracing

The Receiver continues to undergo an effort to identify additional funds that may be property of the Receivership not previously identified. This included reviewing financial documents, court filings, background information of defendants, and other legal entities that may have been involved in the alleged scheme. This process is ongoing and will continue as the Receiver continues to receive new and updated information.

Annual Reports

The Receiver has undergone an effort to determine the incorporation status of the various Receivership Entities, as described above. Additionally, funds will be spent to maintain/rectify their statuses.

Project Management

The final category of funds spent through February 28, 2025, is related to general project management. This includes internal meetings to coordinate priorities, discussions with counsel, and drafting of requests. Additionally, the Receiver has had a number of calls with various LLC Owners attorneys discussing litigation that has arisen for these individuals due to the actions of this scheme. A detailed invoice for time spent by the Receiver along with those I have deemed necessary is available at the request of the Court.

Summary of Expenses for Receivership Counsel

Since the last report, the Receiver incurred \$32,867.50 in expenses for professional services from counsel at DLA Piper LLP (US). The expenses for professional services from counsel at DLA Piper LLP (US) for the month of February 2025 were \$10,320.68 and for March 2025 they were \$14,495.00.

These fees included conferring with counsel for Defendants, preparing and subpoena conferring with DOJ, conferring with counsel for various LLC Owners, and advising on requests for information to support the Receiver's duties under the Preliminary Injunction. A detailed invoice for time spent by Counsel is available at the request of the Court.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Kenneth R. Jones", written in a cursive style.

Kenneth R. Jones
Temporary Federal Receiver